

Case Study

Leading Food Producer Considers Entering the Russian Market



A leading international food producer considered entering the Russian market with their pasta related products. Since this category is already widely covered by international and local producers, an evaluation of market potential was desired prior to making investment decisions.

Starting Situation

An initial checkup with large Russian distributors showed that none was interested in purchasing the pasta in Europe and import it themselves. Many were already importing pasta from other producers, while others were not willing to invest in launching a new brand. Direct cooperation with most of the retail chains and specialized partners required a local stock and an additional level of investment. The company considered opening their own entity in Russia if the potential was proven and would require several container shipments per month.



Solution

We started with a practical review on general consumption and customs statistics in which we concluded that the overall potential was interesting. After budgeting the startup costs related to homologation and certification, we calculated a DDP pricelist that we compared with retail purchasing and shelf prices of some of target retail chains. We contacted our established partners who confirmed their interest to test the products after several listed the pasta.



Conclusion

The manufacturer decided to offer their products from Russian stock in which they initially appointed Hellmann as the Importer of Record. This setup minimizes their recurring fixed costs and avoids needing to establish and manage their own team and infrastructure. At a later stage, the manufacturer can always decide to open their own entity and act as the importer themselves.



Contact

Wijnand Herinckx
Director Trade Solutions
Phone: +7 926 301 0502
Email: wijnand.herinckx@hellmann.com
www.hellmann-hts.com